

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 97
(MC2019-107)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-116

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE CONTRACT 97,
FILED UNDER SEAL
(April 22, 2020)**

The Postal Service hereby provides notice that the terms of Priority Mail & First-Class Package Service Contract 97, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail & First-Class Package Service Contract 97 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective three business days following the day that the Commission completes its review of this filing.

This amendment will not materially affect the cost coverage of Priority Mail & First-Class Package Service Contract 97. Therefore, the supporting financial documentation and financial certification initially filed in this docket remain applicable. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the customer-identifying information that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Sean C. Robinson

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April 22, 2020

ATTACHMENT A
REDACTED AMENDMENT TO
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE CONTRACT 97

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE
AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service (“the Postal Service”) and [REDACTED] (“Customer”) entered into a Shipping Services Contract regarding Priority Mail and First-Class Package Service, PM-FCPS Contract 97/Docket No. CP2019-116, on March 22, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.B, I.C., I.D, I.F.1, I.F.2, and Tables 6-10, and add Table 1a to the Contract.


NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective on the latter of April 1, 2020, or three (3) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Section I.B., I.C., I.D., I.F.1., I.F.2, and Tables 6-10 in their entirety and add Table 1a as follows.]

I. Terms

B. This Contract applies to Customer’s inbound and outbound packages not originating from or addressed to ZIP Codes in Table 1a below (collectively “Contract Packages”), as follows:

1. Priority Mail weight-based packages that do not exceed [REDACTED]
[REDACTED];
2. Priority Mail cubic packages that do not exceed [REDACTED]
[REDACTED] and
3. First-Class Package Service – Commercial packages that do not exceed [REDACTED].



Postal Service shall assign a unique mailer identification number (MID) to Customer for use and designation on Contract Packages. All Contract Packages must originate outside the United States. Labels containing the assigned MID, and other pertinent information shall be affixed to these Contract Packages before entering the United States. Contract Package discounts under this Contract shall only be available for Contract Packages bearing the MID assigned by the Postal Service for purposes of this Contract.

- C. Customer expressly commits to not offer, sell, or allow the use of Contract Pricing provided in this Contract to any other entity or party (i.e. “reselling”). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing. For the avoidance of doubt, a violation of this section will constitute a material breach of this Contract. This requirement may be waived in writing by the Postal Service, expressly for the limited purpose of Customer’s dropshipping activities.
- D. The Postal Service will not provide Customer with customized or specialized Priority Mail packaging.

Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number to ship such packages, and will use the Electronic Verification System (“eVS”), for payment of such packages. The Parties have mutually agreed to specific shipping locations from where Contract Packages must originate, along with the associated Customer Registration ID, Mailer ID and Payment Method information required for each shipping location provided that dropshipping, as may be approved by the Postal Service, may originate from other locations. Customer shall provide the Postal Service, in writing, a list of its permit numbers for approval. Contract pricing for any newly approved permits will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Priority Mail Contract Packages plus Customer’s other Priority Mail packages (“Total PM Packages”), and First-Class Package Service – Commercial Contract Packages plus Customer’s other First-Class Package Service packages (“Total FCPS Packages”) shipped from authorized permits shall count toward the volume commitments expressed in Sections I.E.2., in Tables B and C, below.

F. Price Calculation.

- 1. From the effective date of this Amendment until June 30, 2020, Customer will receive Tier 5 discounts for Priority Mail Contract Packages, and Tier 5 discounts for First-Class Package Service Contract Packages, pursuant to Tables 5 and 10, respectively. Subsequent tier discounts will be determined by

the quarterly averages for both Total PM Packages and Total FCPS Packages shipped beginning on the effective date of this amendment. The quarterly average for the Contract Quarter ending June 30, 2020 will be prorated to determine the tier for the Contract Quarter beginning July 1, 2020, and the following three Contract Quarters. The following example is provided to illustrate the calculation of the quarterly average for the Contract Quarter ending June 30, 2020.



2. Contract Package discounts for this Contract will be based on a rolling four (4) Quarter average. From July 1, 2020, until Customer has reached four (4) full Contract Quarters, the separate quarterly averages for Total PM Packages and Total FCPS Packages will be based on the individual quantities of Total PM Packages and Total FCPS Packages shipped, divided by the number of full Contract Quarters achieved; provided that the quarterly volume shipped from the effective date of this amendment through June 30, 2020 will be prorated pursuant to Section I.F.1 above. For subsequent Contract Quarters, quarterly averages for each product will be calculated by the number of Total PM Packages and Total FCPS Packages shipped in the previous four (4) full Contract Quarters, divided by four (4). At the conclusion of each Contract Quarter, the Postal Service will calculate the quantity of Total PM Packages and Total FCPS Packages, and the number of applicable quarters to calculate and apply the appropriate rate table for each product within fifteen (15) calendar days of the conclusion of that Contract Quarter. Tables D and E below illustrate the method in determining average volumes.

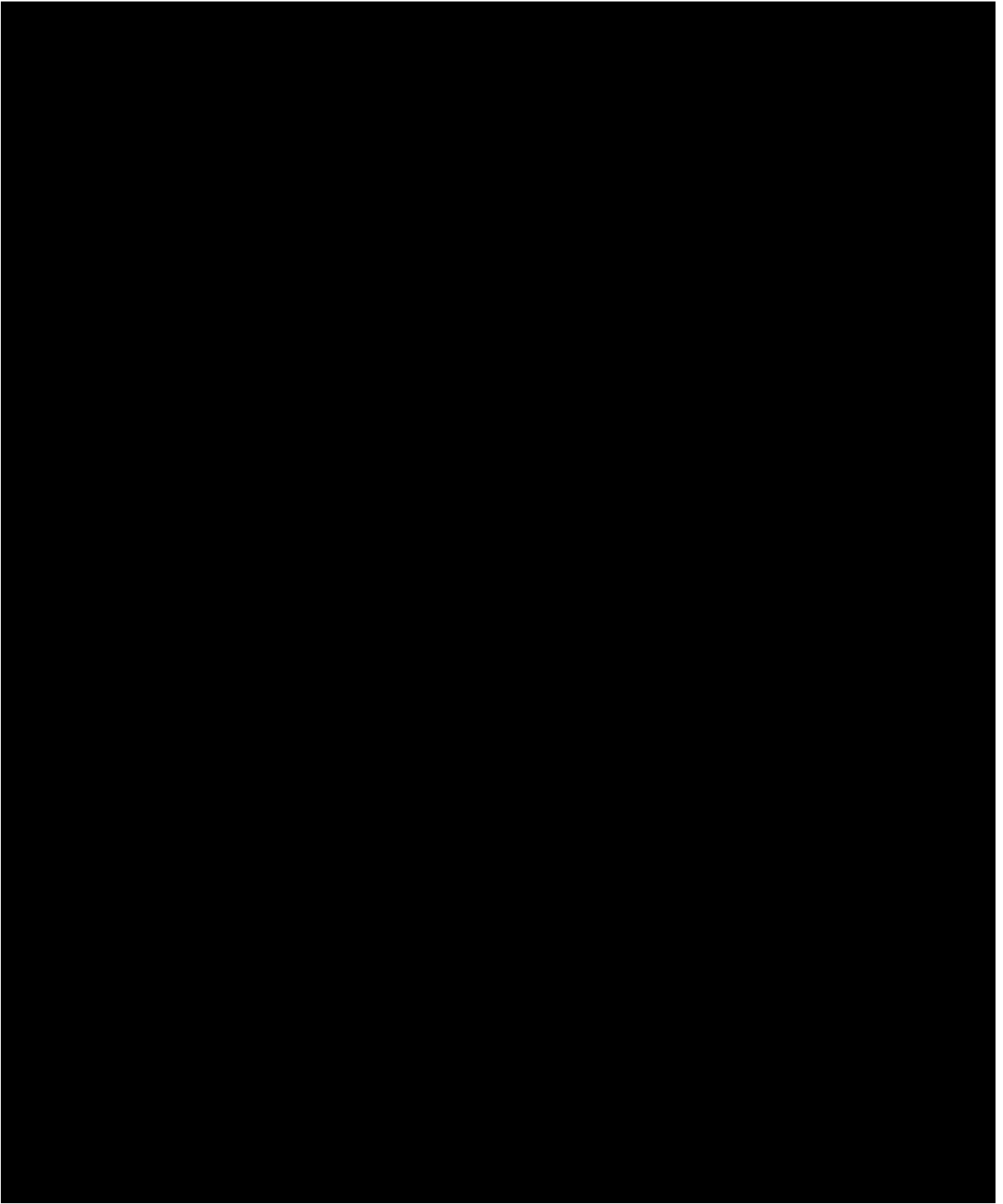
Table D

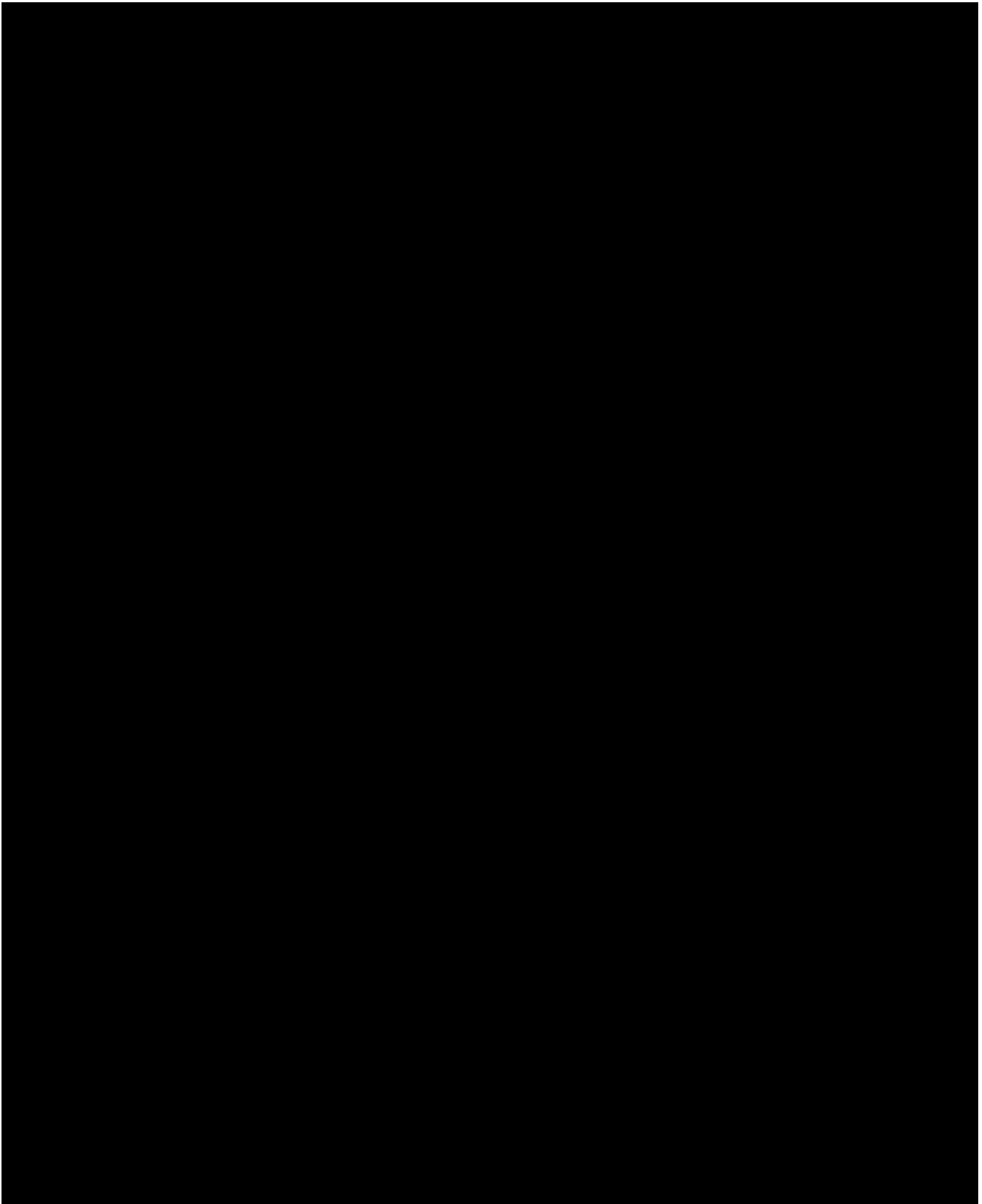
Contract Year (CY) 2	Tier Determination
Quarter 2	Tier 5 Pricing
Quarter 3	Total PM Packages Shipped (CY2 Q2) ÷ 1
Quarter 4	Total PM Packages Shipped (CY2 Q's 2 & 3) ÷ 2
Contract Year (CY) 3	Tier Determination
Quarter 1	Total PM Packages Shipped (CY2 Q's 2,3&4) ÷ 3
Quarter 2	Total PM Packages Shipped (CY2 Q's 2,3&4 + CY3 Q1) ÷ 4
Quarter 3	Total PM Packages Shipped (CY2 Q's 3&4 + CY3 Q's 1&2) ÷ 4
Quarter 4	Total PM Packages Shipped (CY2 Q4 + CY3 Q's 1,2&3) ÷ 4

Table E

Contract Year (CY) 2	Tier Determination
Quarter 2	Tier 5 Pricing
Quarter 3	Total FCPS Packages Shipped (CY2 Q2) ÷ 1
Quarter 4	Total FCPS Packages Shipped (CY2 Q's 2 & 3) ÷ 2
Contract Year (CY) 3	Tier Determination
Quarter 1	Total FCPS Packages Shipped (CY2 Q's 2,3&4) ÷ 3
Quarter 2	Total FCPS Packages Shipped (CY2 Q's 2,3&4 + CY3 Q1) ÷ 4
Quarter 3	Total FCPS Packages Shipped (CY2 Q's 3&4 + CY3 Q's 1&2) ÷ 4
Quarter 4	Total FCPS Packages Shipped (CY2 Q4 + CY3 Q's 1,2&3) ÷ 4

H. First-Class Package Service Prices. As illustrated in Tables 6 through 10 below, commencing on the effective date of this Amendment, the following discounts off of published First-Class Package Service-Commercial prices, shall apply to Customer's FCPS Contract Packages, pursuant to the quarterly average of FCPS shipped and the applicable tier.





IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: DocuSigned by:
Timothy Costello
9AD5FB40E84B419...

Printed Name: Timothy R. Costello

Title: Vice President Sales

3/25/2020
Date: _____

